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C O N F I D E N T I A L SECTION 01 OF 03 KYIV 002522

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SUBJECT: UKRAINE: YANUKOVYCH SUGGESTS REGIONS WON'T ACCEPT  
ORANGE; WANTS YUSHCHENKO TO AGREE TO BROAD COALITION

Classified By: Ambassador for reasons 1.4(a,b,d).

¶1. (C) Summary: PM Yanukovych told the Ambassador October 3 that Regions had the right to form the government as the party with the most votes and was willing to negotiate with all of the parties to form a coalition, but that it could not accept an orange coalition and government. According to Yanukovych, a BYuT-Our Ukraine-People's Self Defense coalition would violate the deal Regions made with President Yushchenko this past spring that the result of the pre-term election would be a broad coalition between Regions and Our Ukraine. The PM said that an orange government would represent only half the electorate and destroy the country; his party could not let that happen. The Ambassador responded that we understood from Presidential Administration Deputy Oleksandr Chaliy that Yushchenko would welcome a three- or even a four-party coalition. If that did not happen, then he wanted the new government, presumably orange, to include the opposition, presumably Regions, by offering high-level cabinet positions and the highest position (the Speaker) in the Rada. The Ambassador stressed to the PM that he, his colleagues in Washington and the international community had not chosen sides in this election and that a Regions' decision to refuse to accept their seats in the new Rada and to call for new elections would not be well-received, would damage Ukraine's reputation and make western support for Ukrainian ambitions with regard to accession to the WTO, a Free Trade Agreement with the EU and progress on economic and judicial reform very difficult. End Summary.

¶2. (C) Comment. A subdued Yanukovych, flanked by chief of staff Lyovochkin and foreign policy advisor Gryshchenko, was intense and serious in this meeting and appeared to be still reeling from BYuT's showing in the election. Yanukovych's tough message -- either a broad coalition including us or we'll bring the house down -- might have been a trial balloon to see if the U.S. would support Regions' view that a broad coalition would be the best result for the country. It might also have been a statement of the maximalist position going into negotiations, designed to put pressure on Yushchenko and Tymoshenko to reach an accommodation with Regions. Or it could simply be Regions' bottom line -- they would restart the political crisis rather than go quietly into the opposition (with or without leadership positions in the government). In a subsequent meeting, potential coalition partner for all sides Lytvyn told the Ambassador that he heard the same message from the Regions camp -- either a broad coalition or there would be no government. The coalition dance and negotiations will probably go on for the next ten days or two weeks -- until the Central Election Commission releases the official final results. Until then, we will continue to meet with all of the major leaders, including Rinat Akhmetov to see if there is division within the Regions camp about the way ahead. We will also continue to urge all parties to move quickly to form a coalition and a

new government. However, it looks to us like Yushchenko may have promised both Tymoshenko and Yanukovych last spring that he would form a coalition with their parties after the election -- and, never dreaming that BYuT would do well enough to make an orange government possible, is stuck with both sides demanding that he honor his promise. End Summary and Comment.

#### Yanukovych - Broad Coalition Promised?

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13. (C) The PM began by restating what he has told the press since the election results started coming in -- Regions was the highest vote-getter in the election and therefore, according to European practice, had the right to form a coalition. (Embassy Note. Although this may be European practice and common in some countries, neither Ukrainian law nor tradition promise the winner of the election the sole right to form a coalition. End Note.) He said that he had met with President Yushchenko October 3 and that Regions supported the President's call for the parties to start negotiations to form a coalition and a government as soon as possible. Yanukovych noted that Regions had formed a Working Group to represent the party in coalition talks and that letters had been sent to each of the political parties entering the Rada; the next step would be the preparation of a coalition agreement. He said that a coalition would have to agree on certain principles, but that would not be difficult -- President Yushchenko had laid out the right priorities in his October 3 public statement -- economic development of the country, a new quality social policy (taking Yushchenko initiatives into account), elimination of immunity for parliamentary deputies, passage of a new budget, adoption of a package of anti-corruption laws and

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establishment of a new anti-corruption agency, energy security, and agreement on a new version of the constitution. All of this could be accomplished by the new Rada.

14. (C) However, according to Yanukovych, he wanted to sound a warning about the possible establishment of an orange coalition. In short, the Party of Regions believed that such a coalition would be a danger for the country and the beginning of instability and turmoil. In his view, an orange coalition would be incapable of governing -- and once again, it would divide the country into parts. Yanukovych said that Regions would propose a "Coalition of National Unity" to take into account the interests of wider civil society, and most importantly, create the conditions for stability. Now Regions was waiting for the CEC to announce the final results of the elections and the important thing was to conduct careful, regular negotiations until the moment when the election results are final.

15. (C) Yanukovych repeated again and again that the priority for the Party of Regions is stability. He accused Yuliya Tymoshenko's bloc of standing for political confrontation and said that the "orange government" option has already been tried and it failed. It would be very expensive to repeat such a mistake. According to Yanukovych, "now much depends upon the position of Yushchenko. We supported the position of Yushchenko in making a decision to accept pre-term elections and we believed that we needed to go through this period in order to unite the country. If Yushchenko violates our agreement, then we will have to choose our own way," (Embassy note. In this way, Yanukovych implied that Regions had agreed to pre-term elections only on the condition that Yushchenko agree to form a broad coalition once the results were in. End note.)

#### Regions Considering Blocking Orange

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16. (C) The Ambassador noted that deputy head of the presidential administration Chaliy had explained to him that

Yushchenko had invited the top three parties to begin negotiations and that, according to Chaliy, Yushchenko would welcome agreement on a broad coalition. However, in light of Tymoshenko's recent public statements against the idea, did the PM think this option was possible? Yanukovych responded bitterly, noting that it was clear from Tymoshenko's reaction to the President's statement that she considered herself to be the winner of the elections and to have the right to form a government. Yanukovych disagreed on two issues -- first, she was not the winner of the elections and therefore had no right to form a government since this was a violation of democratic principles. In addition, such a coalition would not achieve stability for the country, it would divide it. Second, Regions could simply not allow Tymoshenko to form a government. This would "violate the rights of our voters" and Regions would have to defend them since this was the responsible position to take. He stressed that Regions would not violate Ukrainian law; however, Regions would not allow a first parliamentary session to be conducted that would lead to an orange coalition and government. (Note. Although not stated explicitly, the PM's statement indicates that Regions is considering not taking their parliamentary seats, which under the constitution, would lead to the Rada being inquorate and unable to meet. End note.)

17. (C) Yanukovych said that as a result, parliament would be inquorate and then "we will have to have early elections within two months." (Note: Unclear whether this is legally possible since the constitution stipulates that there must be a year between general elections. However, an inquorate parliament could lead to the current government remaining in place pending a new election, leaving both Yushchenko and Yanukovych in office attempting to govern by decree without a parliament and without a budget. End note). He said that in this case, Regions would run a radical campaign. During this past election, Regions had been moderate and conducted a reasonable campaign since this had been part of the deal with Yushchenko -- to form a broad coalition after the elections. However, Yanukovych said, if these agreements are not fulfilled, then Regions will set a new goal to win the next election at any cost. Regions wanted unity, but if necessary, it would take a new path. It was too early to decide this and it would not be the decision of just one person -- the party's "Politrada" would make that decision -- but, according to Yanukovych, "we know what the decision will be since there is no alternative." In the PM's view, Yushchenko had to find the political will to do his constitutional duty. He gave his oath to serve the entire people of Ukraine, not just one part, and now he has no other choice but to do his constitutional duty.

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18. (C) When the Ambassador asked whether this more radical campaign would again raise issues like the status of the Russian language and neutrality, Yanukovych responded that he did not want to talk about these topics now. What was important was that one-half of Ukraine must think about itself -- that it exists and that there is a political force that protects its interests. He said "this is our duty. If this force is thrown out of power without consideration of its opinion, then there will have to be a relevant response." Yanukovych emphasized that "we don't want this to happen," however, this would be the consequence of a Yushchenko decision to violate our agreement. Yanukovych said that all Regions wants to do is unite the country and stabilize the political/economic situation, undertake reforms and live a normal life. The only thing missing is the political will of Yushchenko. The PM noted that his October 3 conversation with the President had been fruitful; it was unclear how conversations today and tomorrow would go.

Prepare for A Negative U.S. Reaction  
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19. (C) Responding to the PM's request for his opinion, the

Ambassador noted that we have had a consistent position throughout this election -- we have not chosen sides and we still do not choose sides. The U.S. supports a strong, united, democratic and European Ukraine. The Ambassador said that the USG hopes that Ukraine's political parties can succeed in creating a government that can move Ukraine in this direction. However, when faced with the radical scenario that Regions says it hopes will not come to pass -- refusing to take parliamentary seats and provoking the calling of new elections, the U.S. and others in the international community would not want to see that happen. The Ambassador said that "you will be disappointed in our response; and we will be disappointed in your actions." The Ambassador reiterated that the USG was pleased by the conduct of the elections and that the "voice of the Ukrainian people was heard and not distorted." But that voice needs to be translated by responsible political forces into a government and that government will have a Cabinet of Ministers and an opposition. The U.S. would like to see any new government make Ukraine stronger, more democratic and more economically prosperous.

¶10. (C) Returning to the last-resort possibility outlined by the PM, the Ambassador said that "you don't want this and we don't want it either." He warned that this would "damage Ukraine's good reputation." It would also make all the decisions regarding the WTO, a Free Trade Agreement with Europe and support for political and economic reform more difficult. The Ambassador pledged to meet with representatives from other political forces over the next few days and to urge all of them, as he did with Regions, to act responsibly for the good of all of Ukraine. In this way, Ukraine would maintain its reputation for the democratic resolution of disputes.

¶11. (C) PM Yanukovich responded that there are ten days or two weeks ahead in which to conduct negotiations and that if all goes well, it would still be possible to unite the country -- "there is no reason to think that this must all end badly." However, Yanukovich stressed, he believed that it was important to provide a warning and that Regions was prepared to take the political responsibility for its actions in response to the election results and the breaking of any promises made by Yushchenko.

¶12. (U) Visit Embassy Kyiv's classified website:  
[www.state.gov/p/eur/kiev](http://www.state.gov/p/eur/kiev).  
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